

Wilhoit Water
W-02065A-08-0592

2/12/2009
Status Conference



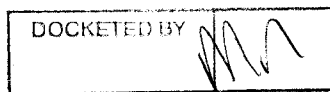
1 BEFORE THE ARIZONA CORPORATION COMMISSION
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4 IN THE MATTER OF THE APPLICATION)
OF WILHOIT WATER COMPANY, INC.,)
5 YAVAPAI MOBILE HOME ESTATES) DOCKET NO.
SYSTEM, FOR AN EMERGENCY RATE) W-02065A-08-0592
6 INCREASE.)
_____) Status Conference

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10 AT: Phoenix, Arizona
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12 DATE: February 12, 2009
13 FILED: **FEB 18 2009**

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, in a conference room of
4 said Commission, 1200 West Washington Street, Phoenix
5 Arizona, commencing at 9:35 a.m. on the 12th day of
6 February, 2009.

7

8 BEFORE: MARC STERN, Administrative Law Judge

9 APPEARANCES:

10 For the Arizona Corporation Commission Staff:

11 Legal Division
12 By Mr. Charles Hains and
13 Ms. Ayesha Vohra
14 1200 West Washington
15 Phoenix, Arizona 85007

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SHERYL BARKER, RPR
Certified Reporter
Certificate No. 50185

1 ALJ STERN: This proceeding is now open in the
2 matter of the application of Wilhoit Water Company, Inc.,
3 Yavapai Mobile Home Estates System for an emergency rate
4 increase in Docket Number W-02065A-08-0592.

5 My name is Marc Stern and I'll preside over this
6 proceeding this morning.

7 At this time we'll take appearances, and could
8 we have who is present on behalf of Staff?

9 MR. HAINS: Good morning. Thank you, Your
10 Honor. Charles Hains and with me is Ayesha Vohra on
11 behalf of Staff.

12 ALJ STERN: On behalf of the Company, the
13 applicant today?

14 MR. WEST: Jim West, the consultant for Wilhoit
15 Water Company, sir.

16 ALJ STERN: Before we go much further with this
17 proceeding, Mr. West, Mr. Martin wrote a letter on behalf
18 of the Company. I assume he is their legal counsel in
19 the case. I have dealt with him before.

20 The only question that has come to mind again in
21 this proceeding is that the Commission advises the
22 parties that the Company has to comply with Rule 31 and
23 Rule 38 of the Rules of the Supreme Court with respect to
24 the practice of law.

25 I know that you represent -- you are a

1 consultant to the Company. The requirement is that even
2 in a rate case, you be an employee of the company in the
3 situation of the -- in a situation of a rate case. And
4 you are an employee, but not appearing on behalf of the
5 Company as a legal counsel on a regular basis.

6 I'm wondering where Mr. Bell is this morning or
7 Mr. Martin?

8 MR. WEST: Mr. Martin had another engagement,
9 sir. I apologize if Mr. Martin is required to attend the
10 Status Conferences. I obviously would have made sure or
11 notified you that he couldn't be here.

12 ALJ STERN: Every time we have something with
13 Wilhoit this seems to occur, and this one isn't going to
14 go very far today under the circumstances because I
15 believe that we should have a legal representative
16 because I specifically have questions here with respect
17 to this application on an emergency basis with the
18 possibility of the City of Prescott turning off water to
19 the Company, and I could listen to what Staff has to say
20 on that with respect to that.

21 Secondly, I have got a Company that has been out
22 of compliance with two prior Commission decisions for a
23 while on a tax question and I don't know whether our
24 Staff is planning to do anything about that or if there
25 has been an agreement that has been reached. Nothing has

1 been filed with the Commission.

2 So, Mr. Hains, anything on board?

3 MR. HAINS: Yes, Your Honor. Thank you. You
4 bring up a lot of issues that certainly this case
5 presents. There are a lot of moving parts involved with
6 this Company.

7 They have compliance issues with prior
8 decisions. They have an arsenic issue and they have this
9 lack of water issue with the City of Prescott, and as you
10 may be aware, they have recently just filed for an ACRM
11 and financing as well. Staff is still trying to sort
12 itself and figure out how all of these moving parts work
13 together.

14 We were going to ask last night, and I apologize
15 for that late hour that Staff was requesting, but we were
16 going to try to ask for a short continuous of the Status
17 Conference today in order to have an internal discussion
18 and see what recommendations Staff would have.

19 At this point that is where Staff is right now.
20 We don't know what is the best way to move forward right
21 now.

22 ALJ STERN: Correct me if I'm wrong, but in
23 order for the Company, even if it wants some sort of
24 arsenic cost recovery mechanism, don't they need to file
25 a rate case besides a request for financing approval?

1 Isn't that what usually happens?

2 MR. HAINS: I would agree that is probably the
3 ordinary way. Another issue is whether or not they are
4 strictly stuck with an ACRM per se or the other
5 alternative, the ARSM, the Arsenic Recovery Surcharge
6 Mechanism.

7 But in any event, a rate case is a very useful
8 vehicle for doing that and probably the most ordinary way
9 to do it.

10 ALJ STERN: I am not sure that the Commission is
11 going to agree to anything happening until that back tax
12 issue -- it is almost a year now since the -- getting
13 there at least, since the decision with respect to this
14 particular system, but I believe also it is not
15 Thunderbird Meadows, but it is Blue Hills number three, I
16 believe, that also has a similar situation with back
17 taxes.

18 But the order with respect to resolution of the
19 back tax question is one which requires not that each
20 system resolves its back taxes, but the Company resolves
21 its back taxes.

22 Since essentially I guess yesterday you were
23 saying that you were trying to get a brief continuance,
24 what I'll do is I'll recess this matter at this time and
25 we'll continue it. I'll issue another Procedural Order

1 and reschedule another Status Conference.

2 I believe that I have vacated already the
3 hearing date. We don't have a hearing date. I'm not
4 even sure at this point in time if an emergency case is
5 the right way to approach this problem. Staff and
6 Company can talk about that. The room is available.

7 So with that, if anybody has anything else to
8 say? Nothing.

9 All right. We are in recess. We'll continue
10 the proceeding. I'll reschedule it in the near future
11 and hopefully -- maybe we won't even need it. Maybe this
12 case will be dismissed. Thank you.

13 (The proceeding was concluded at 9:40 a.m.)

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1 STATE OF ARIZONA)
2) ss.
3 COUNTY OF NAVAJO)
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6 I, SHERYL BARKER, Certified Court Reporter
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8 that the foregoing printed pages constitute a full, true
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13 WITNESS my hand this 14th day of February, 2009.
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